



HOUSE COMMITTEE ON APPROPRIATIONS

FY09-10 Executive Budget Review

Health Care Services Division



LSU Health Care Services Division

Central Office:

- Dr. Michael Butler, CEO
- Dr. Michael Kaiser, Medical Director
- Lanette Buie, Deputy CEO for Administration
- Clay Dunaway, Chief Financial Officer
- Dr. Wayne Wilbright, Chief Information Officer



State Medical Centers

- Louisiana has ten state public hospitals.
- Seven of Louisiana's ten medical centers are operated by LSU Health Care Services Division (HCSD); three medical centers are operated by the LSU Health Sciences Center in Shreveport.
- Appropriations to the ten hospitals in HB1 are provided in two separate sections of the appropriation bill.
- Appropriations to HCSD, budget unit 19-610, begin on page 211 in Original HB1 of the 2009 Regular Session; appropriations to the three hospitals under LSU HSC in Shreveport begin on page 162 and are included in LSU appropriation, budget unit 19-600.



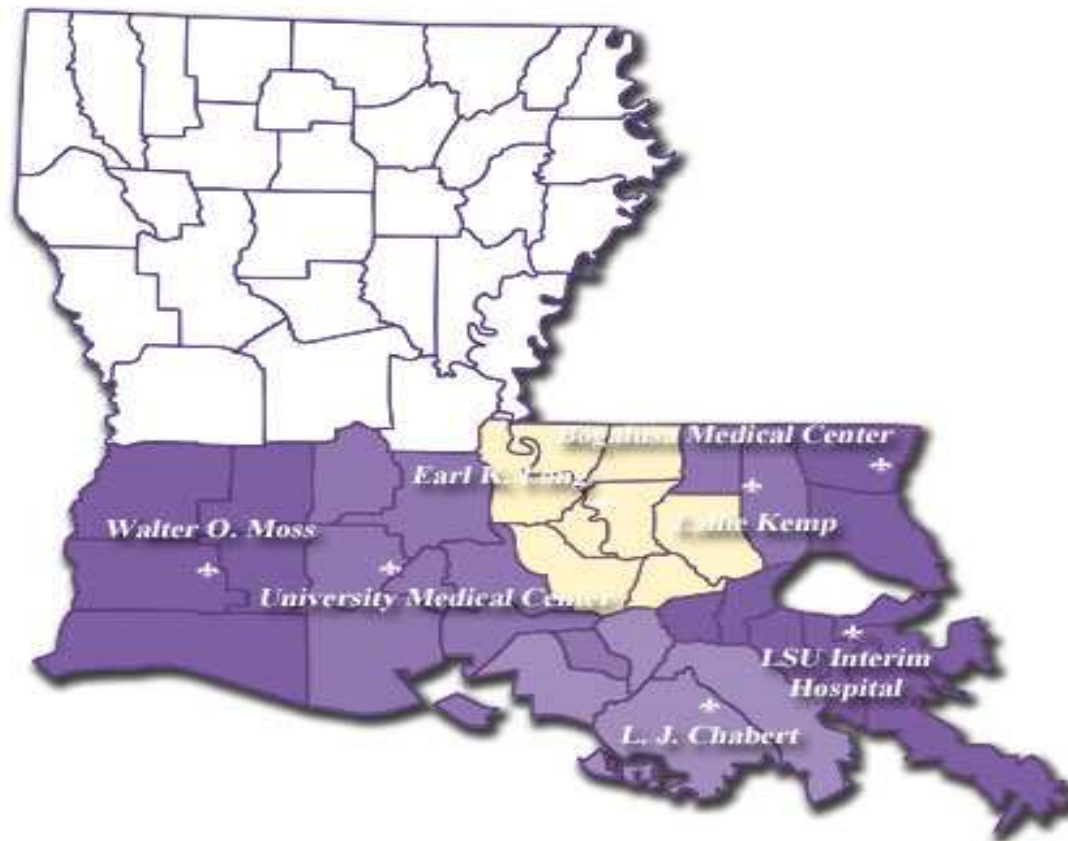
LSU Health Care Services Division

Seven medical centers are operated by LSU Health Care Services Division (HCSD):

- LSU Interim Hospital in New Orleans,
- Earl K. Long Medical Center in Baton Rouge,
- University Medical Center in Lafayette,
- Leonard J. Chabert Medical Center in Lake Charles,
- Bogalusa Medical Center,
- W.O. Moss Regional Medical Center in Lake Charles,
- Lallie Kemp Regional Medical Center in Independence.



LSU Health Care Services Division





Recent History on State Medical Centers

- 1970 - The Department of Health and Hospitals gained control of the Charity Hospital System.
- 1990 - Act 855 created the Louisiana Health Care Authority (LHCA).
- 1991 - Act 390 transferred the charity hospitals from the Department of Health and Hospitals to LHCA.
- 1992 - LHCA officially took over the operation of the state-owned, acute-care hospitals with the exception of the Louisiana State University Hospital at Shreveport.



Recent History on State Medical Centers

- 1997 - Act 3 transferred nine state medical centers and the central office of the Louisiana Health Care Authority to the management of the LSU Board of Supervisors. The system was renamed the Health Care Services Division (HCSD). Per this legislation, the LSU Medical Center (LSUMC) assumed operational responsibility for HCSD on July 1, 1997.
- 1999 - SCR 34 changed the name LSUMC to LSU Health Sciences Center (LSUHSC).



Recent History on State Medical Centers

- 2001 - Act 1024 allowed individual HCSD hospitals to operate off-budget. Legislation changed the budget requirements for the HCSD by only appropriating State General Fund dollars for operations in each hospital. All other funds generated by individual hospitals, such as Medicaid, Medicare, Self-pay, Insurance and Federal grants, were deposited into a newly created restricted account. Legislation removed positions as well as funding from the General Appropriation Bill.
- 2003 - Act 842 transferred the management of E.A. Conway Medical Center in Monroe to LSU Health Sciences Center in Shreveport.



Recent History on State Medical Centers

- 2003 - Act 906 amended Act 3 of the 1997 Regular Session and gave greater autonomy to HCSD to manage the finances and daily operations of its state medical centers. For example, legislative approval is required only if HCSD plans to reduce hospital spending by more than 35% of the previous year's actual expenses.
- 2005 - The LSU Board of Supervisors delegated management responsibility of HCSD directly to the LSU System president.
- 2007 - Act 220 transferred the management of Huey P. Long Medical Center to LSU Health Sciences Center in Shreveport.



State Medical Centers

- Each year, an estimated one in five Louisianans receives health care services at one of the state's ten public medical centers.
- The medical centers provide acute general medical, surgical, and psychiatric care to the medically indigent, uninsured, Medicare or Medicaid covered patients and self-paying patients.
- The hospitals also provide training for physicians, nurses, and allied professional in affiliation with the state university medical schools and other health care professional educational institutions within the state.



LSU Health Care Services Division

Budget Comparison					
Means of Finance	FY 07-08 Actual Budget	FY 08-09 Existing Operating Budget (2/1/2009)	Recommended for FY 09-10	Change from FY 08-09 to FY 09-10	Percent Change
State General Fund	\$94,765,933	\$89,938,199	\$79,575,475	-\$10,362,724	-11.5%
Interagency Transfers	0	0	0	0	0.0%
Fees & Self-Gen Rev	0	0	0	0	0.0%
Statutory Dedications	0	1,870,000	0	-1,870,000	-100.0%
IEB	0	1,425,670	0	-1,425,670	-100.0%
Federal Funds	0	0	0	0	0.0%
TOTAL	\$94,765,933	\$93,233,869	\$79,575,475	-\$13,658,394	-14.6%

There are no Federal Funds from The American Recovery and Reinvestment Act of 2009 included in the FY09-10 Executive Budget Recommendation for the LSU HCSD.



Significant Budget Changes

- (\$3.4 million SGF) This represents a change from non-allowable to allowable costs. Unallowable expenses associated with direct patient care will be replaced with allowable expenses associated with residency programs. 100% state general fund and the portion allocated as allowable will now be reimbursed by Medicaid, Medicare, Self Pay and UCC:
- \$ 663,500 - Family Practice Program at Bogalusa
 - \$1,336,500 - Internal Medicine Program at Chabert
 - \$ 565,600 - Anesthesiology Program at MCLNO
 - \$ 858,300 - Radiology Program at MCLNO
- (\$2.5 million SGF) This represents a change from non-allowable to allowable costs. Increased physician billing and contract sharebacks at MCLNO are expected to reduce unallowable expenses.



Significant Budget Changes

- (\$2.1 million SGF) This represents a change from non-allowable to allowable costs. This reduction represents either a switch in space utilization to allowable costs or a reimbursement from another party to offset non-allowable costs associated with the space.
- \$ 298,642 - Physician Private Offices at Bogalusa
 - \$ 160,098 - Cardiovascular Clinic at Bogalusa
 - \$ 109,934 - Dermatology Clinic at EKL
 - \$ 87,991 - Dental Clinic at Chabert
 - \$ 1,242,983 - Dental Clinic at MCLNO
 - \$ 232,604 - Telemedicine at MCLNO
- (\$1.5 million SGF) Non-recurs funding to University Medical Center for the implementation of a telehealth pilot program.
- (\$500,000 SGF) Eliminates pass-through funding to WO Moss to pay LSU residents to staff a clinic at the Lake Charles Memorial Hospital.



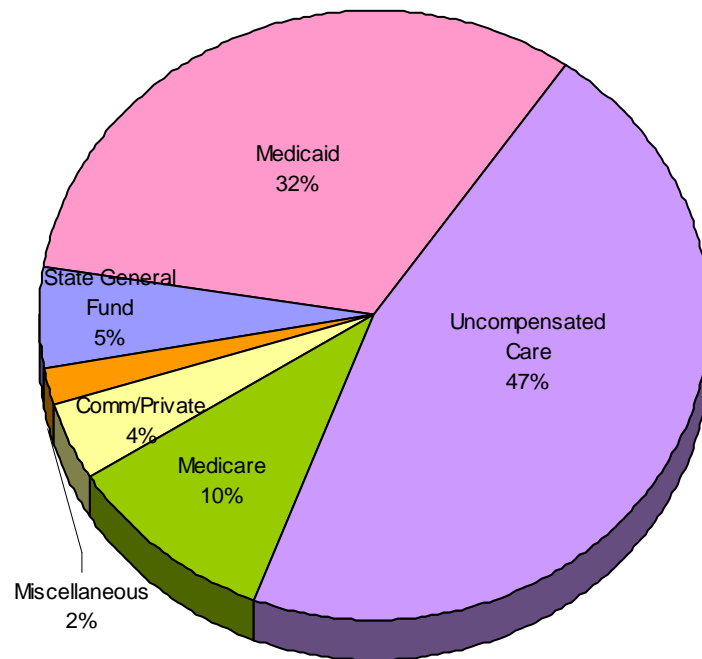
Significant Budget Changes

- (\$260,000 SGF) This reduction represents a change from non-allowable to allowable costs. Unallowable expenses associated with school-based programs will be replaced with allowable expenses associated with hospital programs:
 \$130,154 - O Perry Walker School Based Clinic (MCLNO)
 \$130,154 - OPH School Based Clinic (Bogalusa)
- (\$1.5 million SD) Non-recurs Overcollections Fund for a statewide colorectal cancer screening demonstration program.
- (\$370,000 SD) Non-recurs Overcollections Fund to Chabert Medical Center for construction of a flood protection ring levee.
- (\$1.4 million IEB) Non-recurs Interim Emergency Board funds to Chabert Medical Center for new generator.

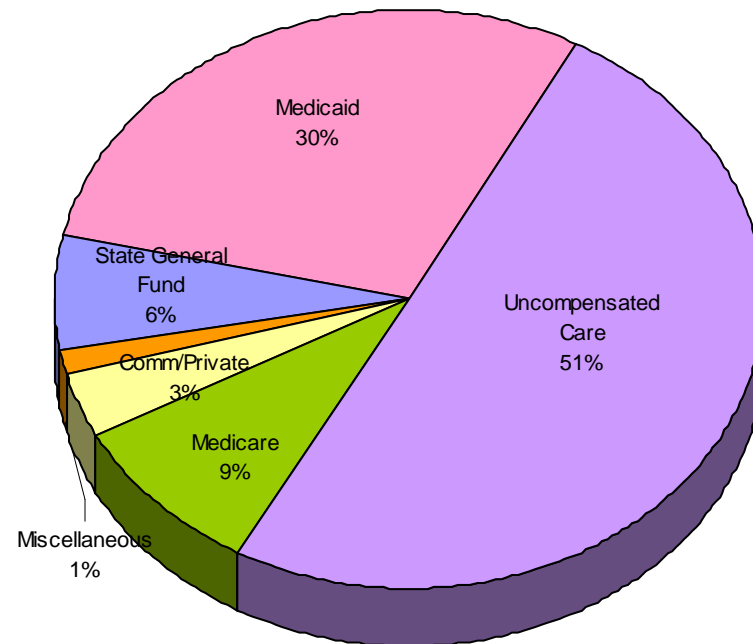


Total Budget for Health Care Services Division

FY08 Actual Collections



FY09 Means of Financing



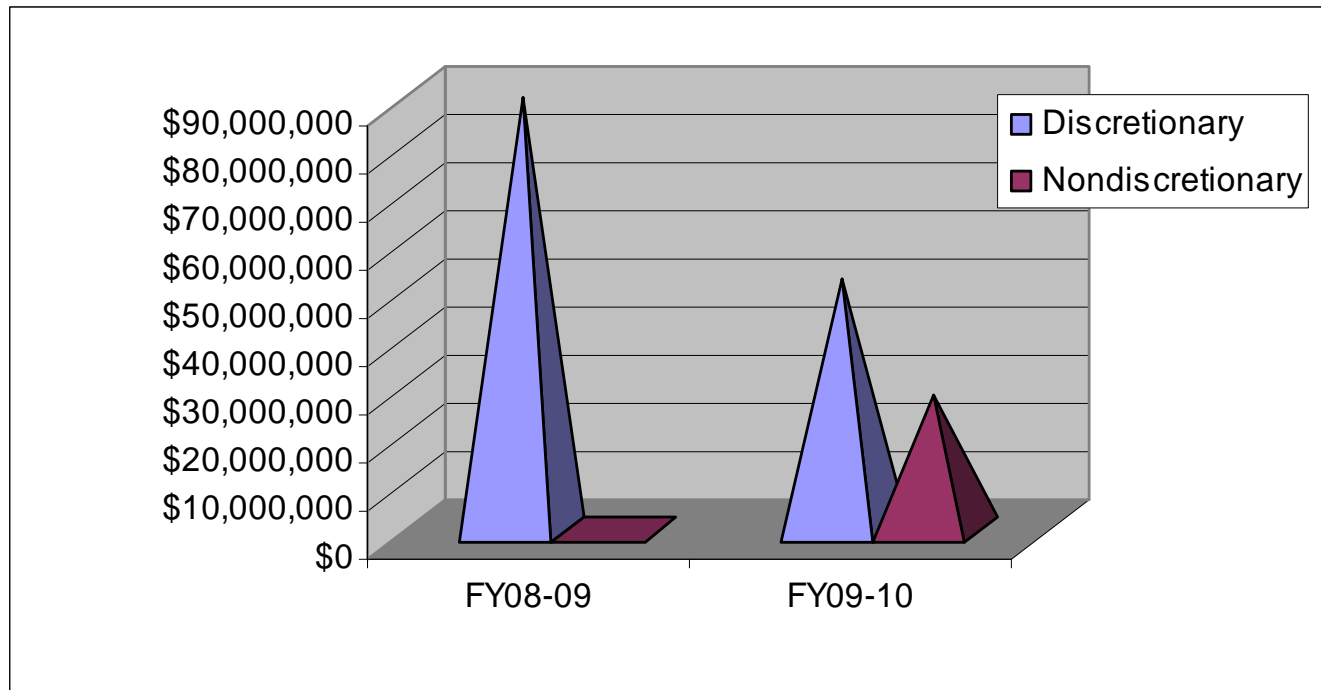


State General Fund (6% of FY08-09 Budget)

	FY 05-06 Actuals	FY 06-07 Actuals	FY 07-08 Actuals	Existing Operating Budget as of February 1, 2009	Recommended in HB1 for FY09-10	Change between FY08- 09 and FY09-10	% Change
Earl K. Long Medical Center (Baton Rouge)	\$9,960,547	\$9,309,811	\$18,235,633	\$13,604,679	\$13,494,745	(\$109,934)	-1%
Lallie Kemp Regional Medical Center (Independence)	\$5,364,259	5,013,805	\$5,315,730	\$5,318,692	\$5,318,692	\$0	0%
Leonard J. Chabert Medical Center (Houma)	\$3,893,389	\$9,796,720	\$4,278,150	\$4,294,962	\$2,870,471	(\$1,424,491)	-33%
The Medical Center of Louisiana at New Orleans	\$37,534,416	\$36,398,024	\$48,742,790	\$49,068,377	\$43,492,472	(\$5,575,905)	-11%
University Medical Center (Lafayette)	\$4,243,749	\$3,966,499	\$6,328,061	\$8,155,547	\$6,655,547	(\$1,500,000)	-18%
W.O. Moss Regional Medical Center (Lake Charles)	\$4,744,358	\$5,298,548	\$6,448,161	\$5,895,391	\$5,395,391	(\$500,000)	-8%
Washington-St.Tammany Regional Medical Center (Bogalusa)	\$2,475,162	\$6,015,207	\$5,417,408	\$3,600,551	\$2,348,157	(\$1,252,394)	-35%
TOTAL SGF	\$68,215,880	\$75,798,614	\$94,765,933	\$89,938,199	\$79,575,475	(\$10,362,724)	-12%



Discretionary vs. Nondiscretionary State General Fund





Comparison of Medicaid and UCC among ten hospitals

Changes in Title XIX - LSU Public Providers						
	Operating Budget as of 12/3/2008	% of Total	Recommended in Executive Budget	% of Total	Change	% Change
LSU HCSD	\$ 224,333,374	56%	\$ 251,142,834	56%	\$ 26,809,460	12%
EA Conway	\$ 28,811,746	7%	\$ 33,687,908	8%	\$ 4,876,162	17%
Huey P Long	\$ 11,656,211	3%	\$ 10,498,294	2%	\$ (1,157,917)	-10%
LSU HSC Shreveport Medical Center	\$ 132,425,360	33%	\$ 153,265,063	34%	\$ 20,839,703	16%
Total Medicaid	\$ 397,226,691	100%	\$ 448,594,099	100%	\$ 51,367,408	13%

Changes in Uncompensated Care Cost - LSU Public Providers						
	Operating Budget as of 12/3/2008	% of Total	Recommended in Executive Budget	% of Total	Change	% Change
LSU HCSD	\$ 476,290,826	70%	\$ 455,269,165	70%	\$ (21,021,661)	-4%
EA Conway	\$ 39,030,901	6%	\$ 37,308,226	6%	\$ (1,722,675)	-4%
Huey P Long	\$ 28,680,766	4%	\$ 27,414,907	4%	\$ (1,265,859)	-4%
LSU HSC Shreveport Medical Center	\$ 139,820,750	20%	\$ 133,649,595	20%	\$ (6,171,155)	-4%
Total UCC	\$ 683,823,243	100%	\$ 653,641,893	100%	\$ (30,181,350)	-4%



Medicaid (30% of FY08-09 Budget)

	FY 05-06 Actuals	FY 06-07 Actuals	FY 07-08 Actuals	Existing Operating Budget as of December 2008	Recommended for FY09-10	Change between FY08- 09 and FY09- 10	% Chan ge
Earl K. Long Medical Center (Baton Rouge)	\$34,056,386	\$35,573,241	\$40,735,141	\$36,742,718	\$41,133,738	\$4,391,020	12%
Lallie Kemp Regional Medical Center (Independence)	\$4,805,120	\$7,479,475	\$8,453,042	\$7,479,656	\$8,373,529	\$893,873	12%
Leonard J. Chabert Medical Center (Houma)	\$27,896,632	\$22,957,219	\$33,635,539	\$35,728,672	\$39,998,507	\$4,269,835	12%
The Medical Center of Louisiana at New Orleans	\$38,293,190	\$21,581,519	\$68,296,123	\$90,405,239	\$101,209,319	\$10,804,080	12%
University Medical Center (Lafayette)	\$20,033,399	\$35,018,150	\$38,661,337	\$37,432,678	\$41,906,154	\$4,473,476	12%
W.O. Moss Regional Medical Center (Lake Charles)	\$9,420,964	\$6,974,040	\$9,191,489	\$7,545,768	\$8,447,542	\$901,774	12%
Washington-St. Tammany Regional Medical Center (Bogalusa)	\$8,970,775	\$7,785,770	\$8,014,139	\$8,998,643	\$10,074,046	\$1,075,403	12%
TOTAL MEDICAID	\$143,476,466	\$137,369,414	\$206,986,810	\$224,333,374	\$251,142,834	\$26,809,460	12%

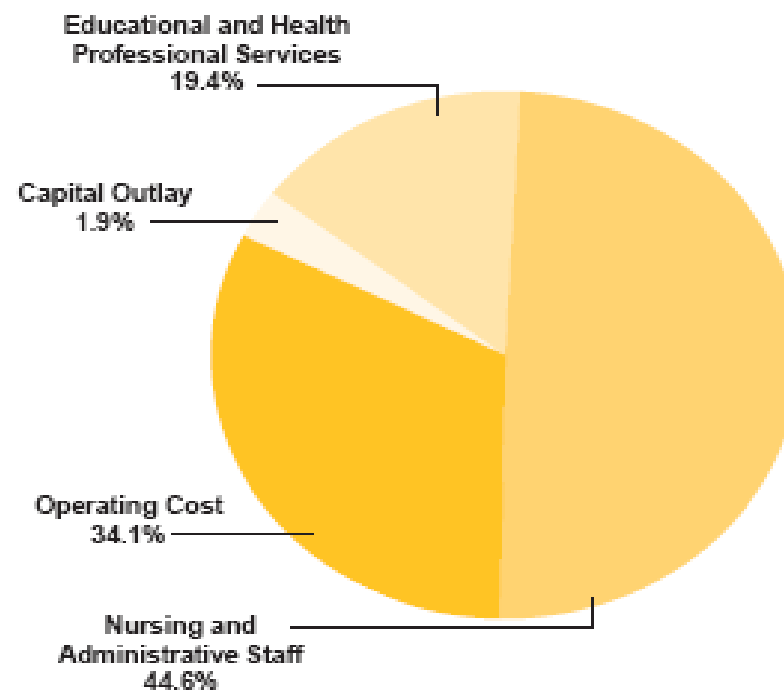


Uncompensated Care Cost (51% of FY08-09 Budget)

	FY 05-06 Actuals	FY 06-07 Actuals	FY 07-08 Actuals	Existing Operating Budget as of December 2008	Recommended for FY09-10	Change between FY08-09 and FY09-10	% Change
Earl K. Long Medical Center (Baton Rouge)	\$61,402,450	\$66,787,277	\$69,639,759	\$83,423,580	\$79,741,581	(\$3,681,999)	-4%
Lallie Kemp Regional Medical Center (Independence)	\$18,081,032	\$21,175,585	\$22,136,368	\$22,301,765	\$21,317,450	(\$984,315)	-4%
Leonard J. Chabert Medical Center (Houma)	\$37,305,444	\$40,001,885	\$47,950,360	\$54,032,774	\$51,647,973	(\$2,384,801)	-4%
The Medical Center of Louisiana at New Orleans	\$129,522,769	\$154,378,388	\$154,441,137	\$183,790,502	\$175,678,690	(\$8,111,812)	-4%
University Medical Center (Lafayette)	\$52,678,274	\$58,712,761	\$55,411,755	\$64,199,190	\$61,365,683	(\$2,833,507)	-4%
W.O. Moss Regional Medical Center (Lake Charles)	\$18,028,767	\$20,877,990	\$21,686,059	\$26,782,340	\$25,600,270	(\$1,182,070)	-4%
Washington-St.Tammany Regional Medical Center (Bogalusa)	\$18,496,661	\$17,534,825	\$20,207,675	\$27,110,676	\$25,914,114	(\$1,196,562)	-4%
UCC Reserve				\$14,649,999	\$14,003,404	(\$646,595)	-4%
TOTAL UCC	\$335,515,397	\$379,468,711	\$391,473,113	\$476,290,826	\$455,269,165	(\$21,021,661)	-4%



Spending Information





Spending Information

	FY 05-06 Actuals	% of Total	FY 06-07 Actuals	% of Total	FY 07-08 Actuals	% of Total	Budgeted in FY08-09 Operating Budget	% of Total	Difference between FY08-09 and FY05-06
Personal Services	\$303,064,846	46.9%	\$307,013,143	44.0%	\$381,002,779	44.0%	\$420,962,451	43.4%	-3.5%
Other Expenses	\$343,477,175	53.1%	\$390,385,401	56.0%	\$447,411,729	56.0%	\$549,479,691	56.6%	3.5%
Total Spending	\$646,542,021	100%	\$697,398,544	100%	\$828,414,508	100.0%	\$970,442,142	100.0%	
FTE Employees	5,620		5,354		6,364		7,202		1,582
Average Personal Services per FTE employee	\$53,926		\$57,343		\$59,868		\$58,451		\$4,525



LSU Health Care Services Division

Resources

- 6,154 employees
- Total operating budget: \$724.4 million

Medical and Clinical Education

1,159 medical residents and fellows
2,188 nurses and allied health professionals

Patient Population

- Approximately 470,601 (between 7/1/05 – 6/30/07)

Capacity

- 448 adult/pediatric staffed beds
- 134 psychiatric staffed beds
- 1,494 licensed beds
- 55 nursery bassinets

Inpatient Admissions

- 25,860 adult/pediatric admissions
- 3,454 psychiatric admissions
- 275 neonatal ICU admissions
- 1,901 nursery admissions

Inpatient Days

- 126,364 adult/pediatric inpatient days
- 43,806 psychiatric inpatient days
- 4,251 neonatal ICU inpatient days
- 6,400 nursery inpatient days

Outpatients

- 981,018 clinic visits
- 270,292 emergency visits

Live Births

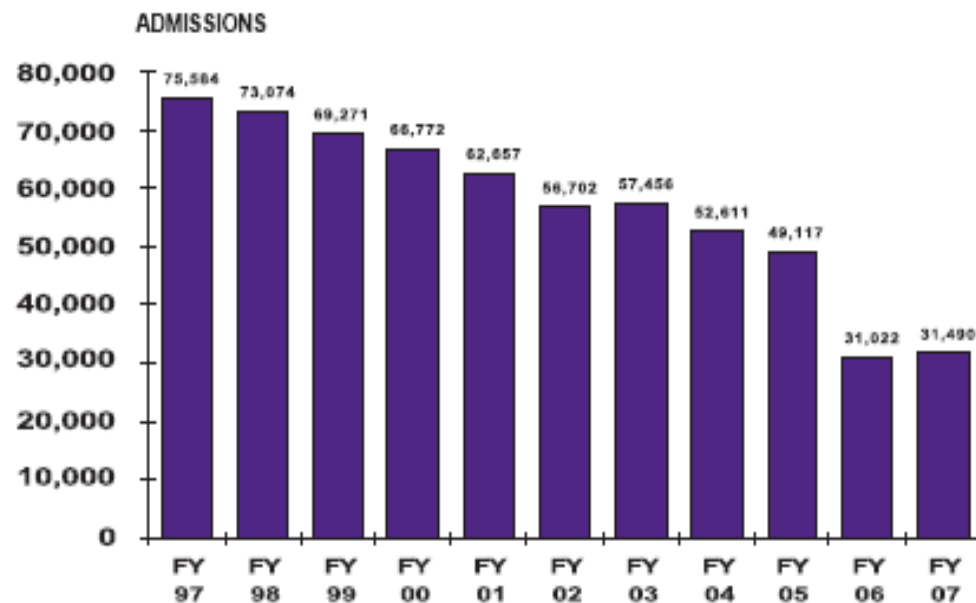
- 2,073 births



LSU Health Care Services Division

HCSD Hospitals Ten-Year Trend in Admissions

- Inpatient admissions increased by 1.5%
- Total admissions for FY2007 was 31,490





Performance in the Appropriation Bill

- Performance data presented in HB1 reflects hospital statistics resulting from total funding
- Performance information for HCSD hospitals has changed from previous years
- HCSD hospitals and three hospitals operated by LSU HSC in Shreveport share three performance indicators in HB1